

Development, strategies and challenges in the German dairy sector

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Belfast
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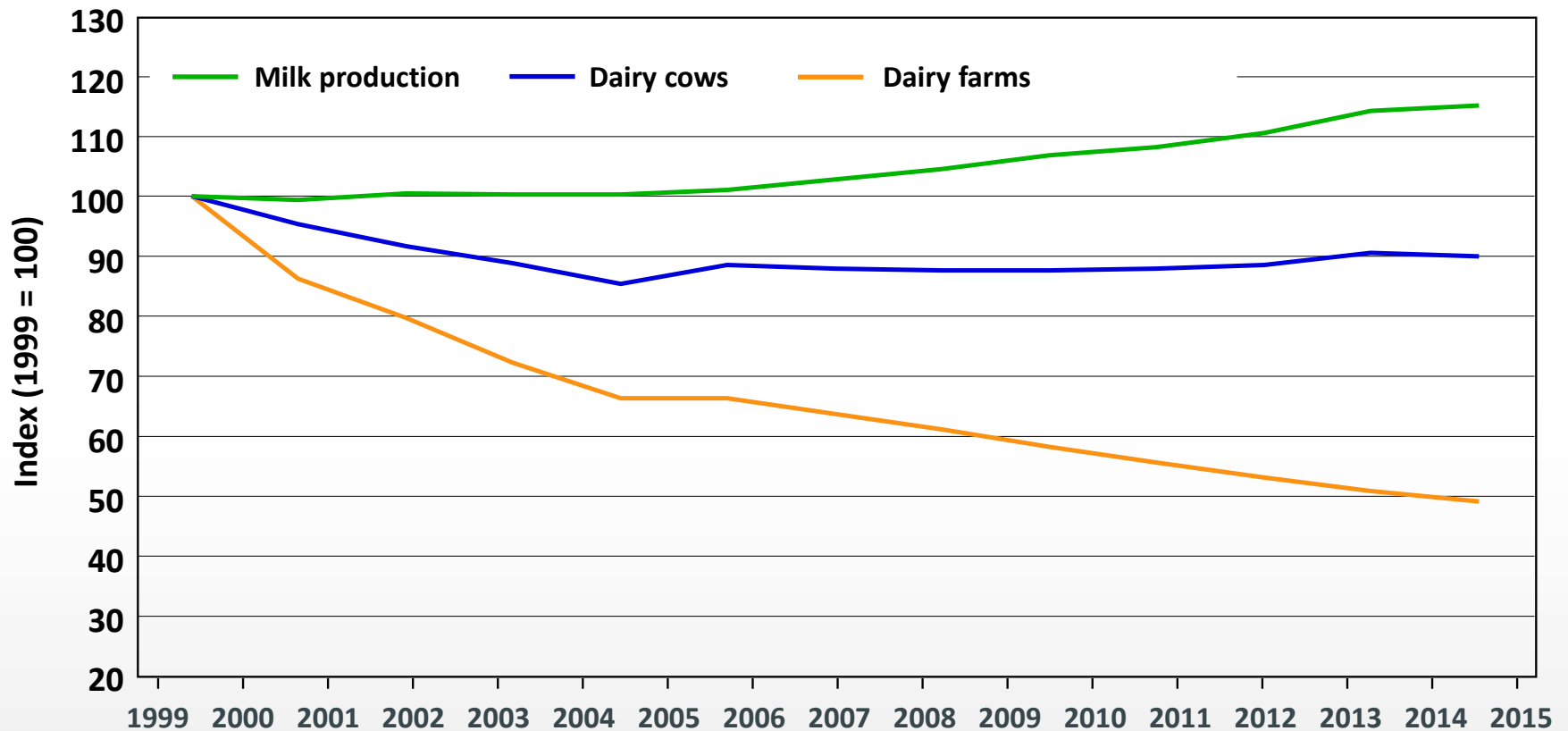
German dairy production in the world/ in the EU (2015)

- 4 284 639 dairy cows
 - No. 15 in the world = 2% of all dairy cows
 - No. 1 in the EU = 18% of all EU dairy cows
- 32 684 600 t milk produced
 - No. 5 in the world = 5% of all milk produced
 - No. 1 in the EU = 20% of all EU milk produced

- And in Germany:
 - 27% of the agricultural farms keep dairy cows (74 680 dairy farms)
 - Milk production: 19% of the production value of German agriculture

Source: AMI (2016); BLE (2016); Statistisches Bundesamt, Fachserie 3, Reihe 4, Viehbestand und tierische Erzeugung (2016); own calculations.

Structural change in the dairy sector



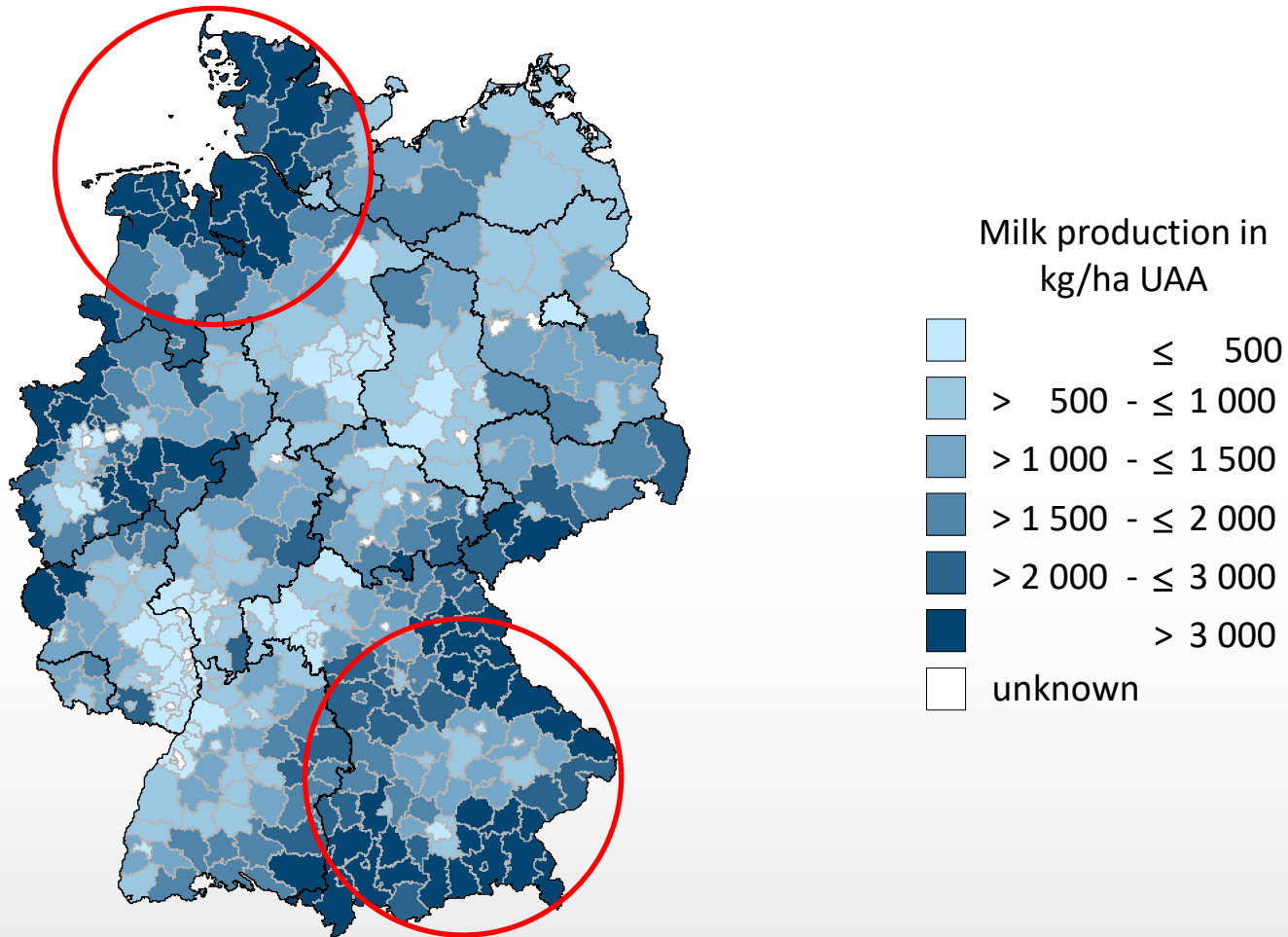
Source: BLE (versch. Jahre); Statistisches Bundesamt, Fachserie 3, Reihe 4, Viehbestand und tierische Erzeugung (versch. Jahre); own calculations.

Dairy production in Germany 2015 – key facts

- 32,7 million kg of milk – 46% produced in 2 federal states
- Average herd size: 57 cows/farmer
 - Eastern Germany: 187 cows/farmer
 - Western Germany: 50 cows/farmer
- > 4 million dairy cows: ~ 2/3 pure dairy breeds (thereof 96% HF)
- Average milk yield: 7 616 kg/cow/year
 - In 2014: 7 352 kg/cow/year (Black and white HF: 8 865 kg/cow/year; German Fleckvieh: 7 243 kg/cow/year)

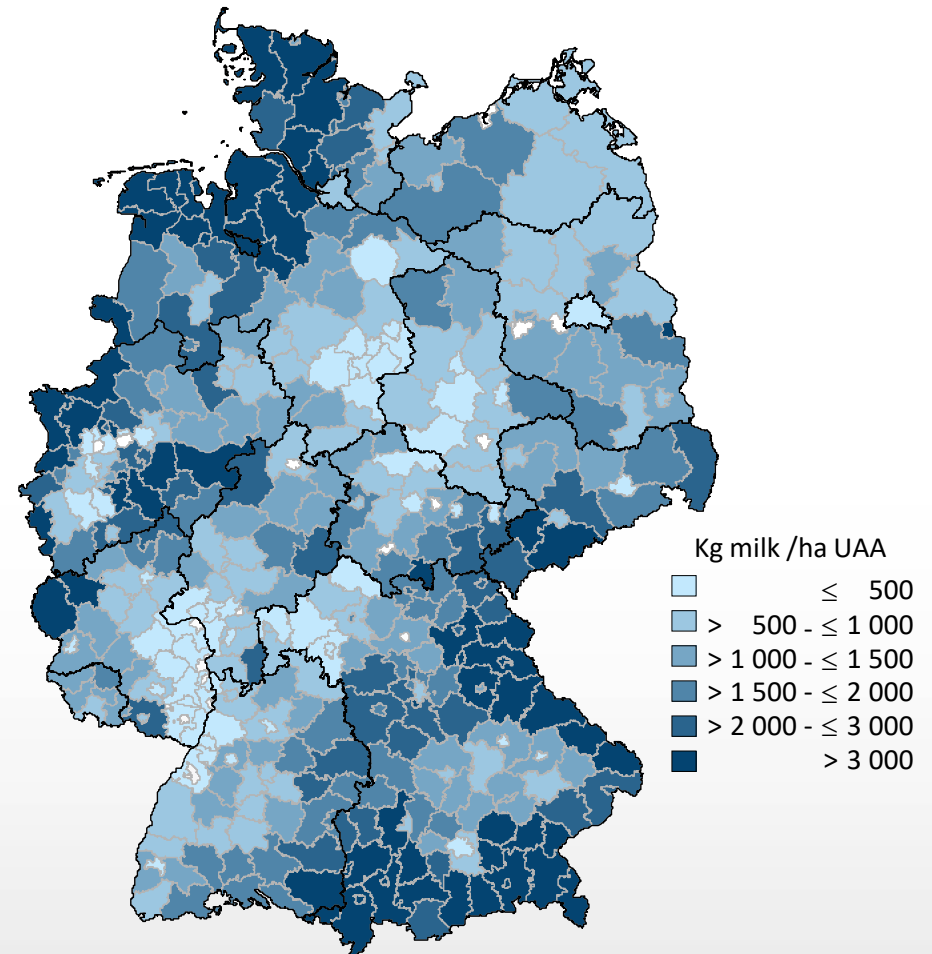
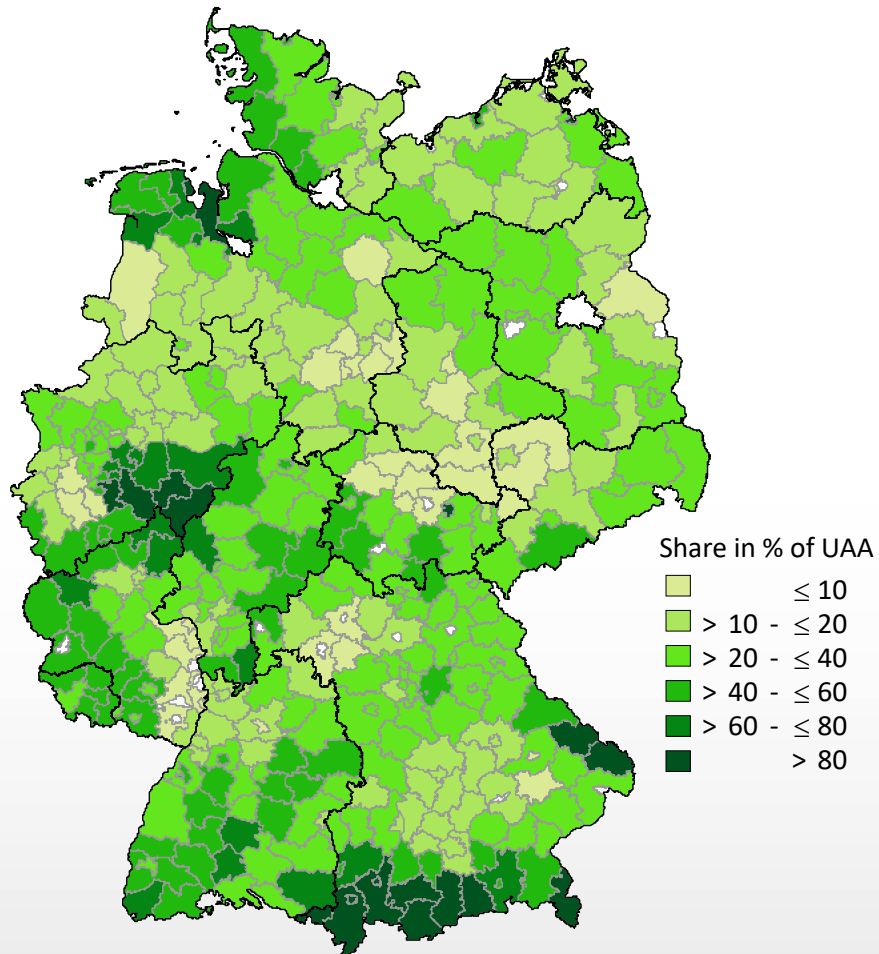
Source: BLE (2016); own calculations.

Dairy production within Germany (2015)



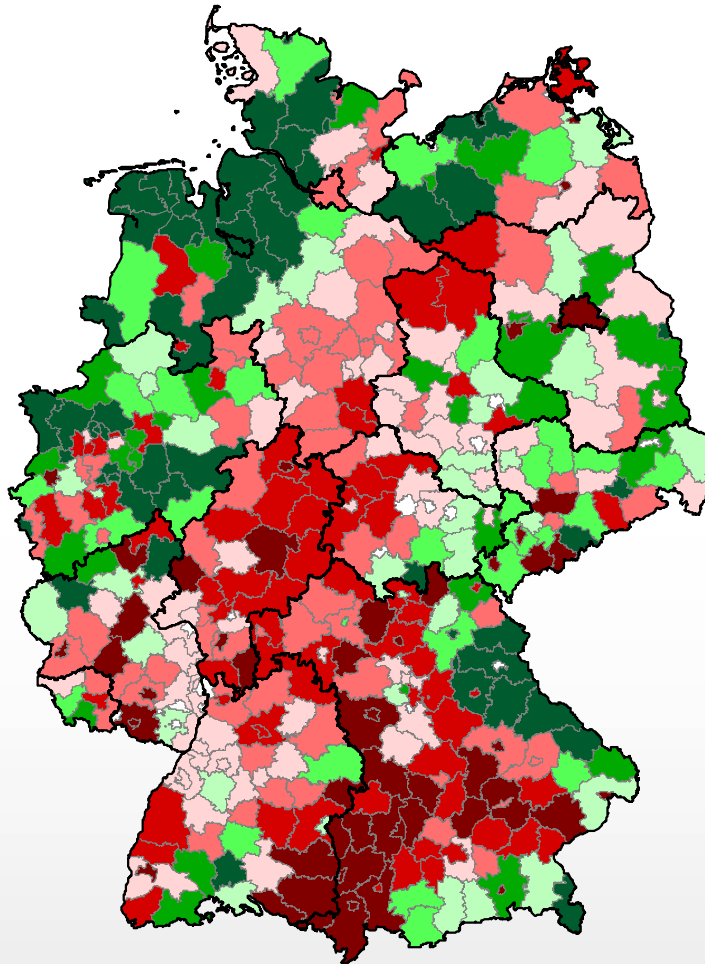
Source: BLE (2015), Statistisches Bundesamt, GENESIS-Online Datenbank (2015); own calculations.

Dairy: mainly in grassland areas



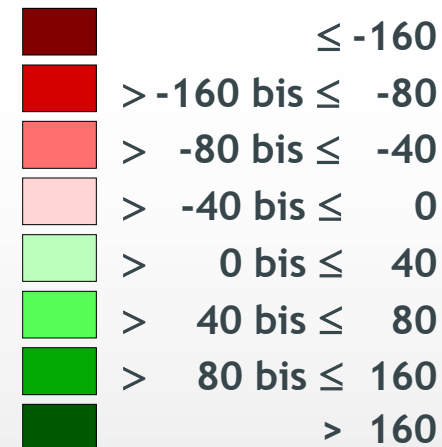
Source: BLE (2015); Statistisches Bundesamt, GENESIS-Online Datenbank (2010); own calculations.

Shift towards dairy production in grassland areas



Change in milk quota
(07/07 to 11/14)

Kilogram per hectare



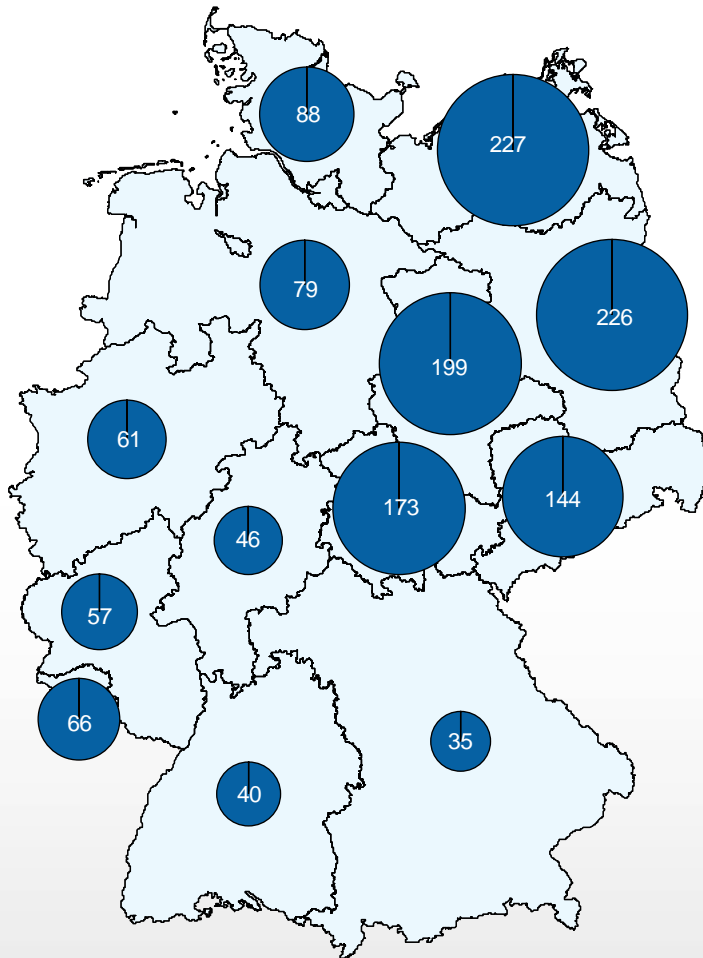
Source: Quotenbörsendaten des BMELV, own calculations Lassen, TI (2015)

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Source: AMI (2016)

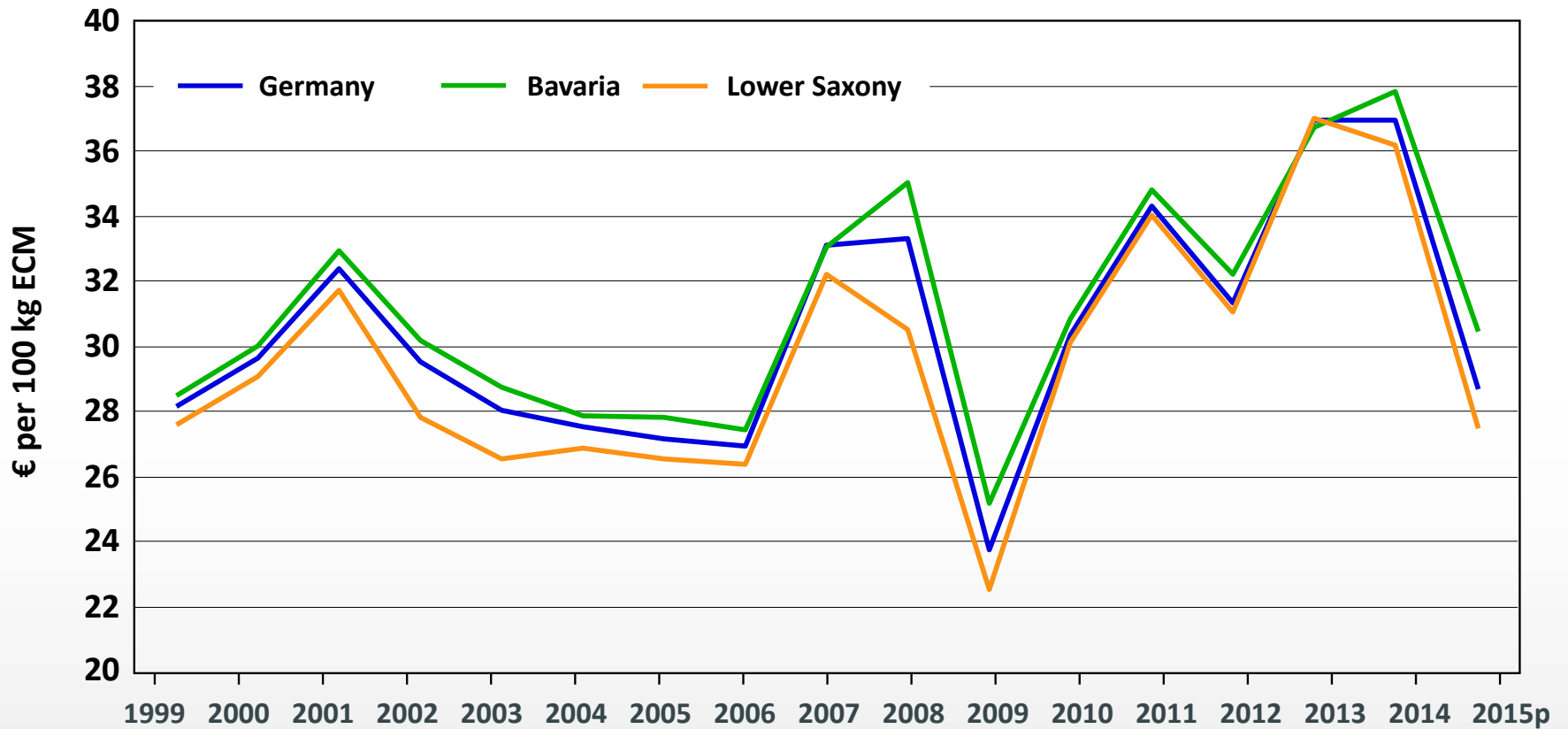
Large herd size differences in Germany (2015)



▶ Average herd sizes

Source: Statistisches Bundesamt, Fachserie 3, Reihe 4.1, Viehbestand (2015); own calculations.

Higher milk prices in the southern part



p= provisional

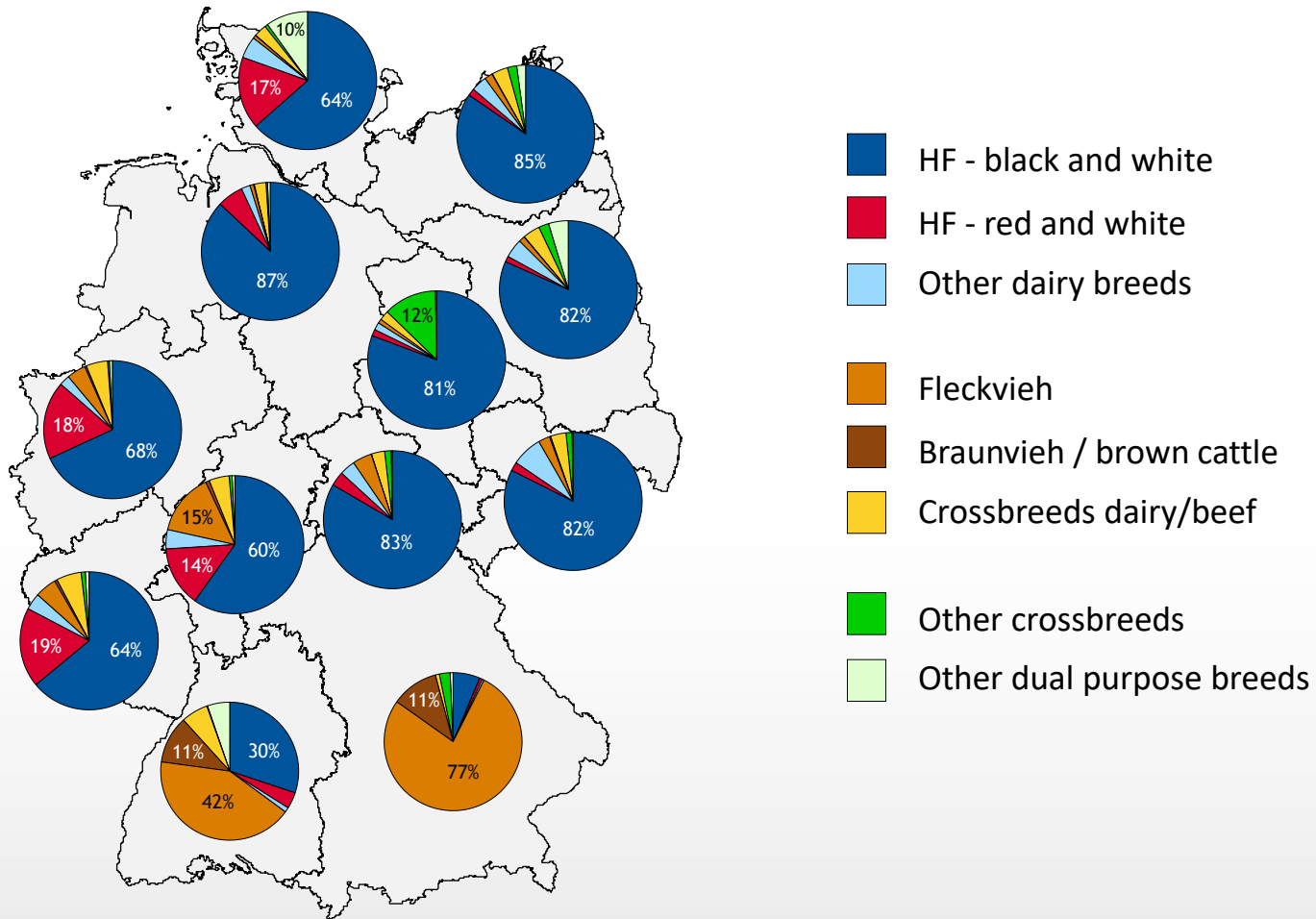
Source: Statistischer Monatsbericht NR. 10334.

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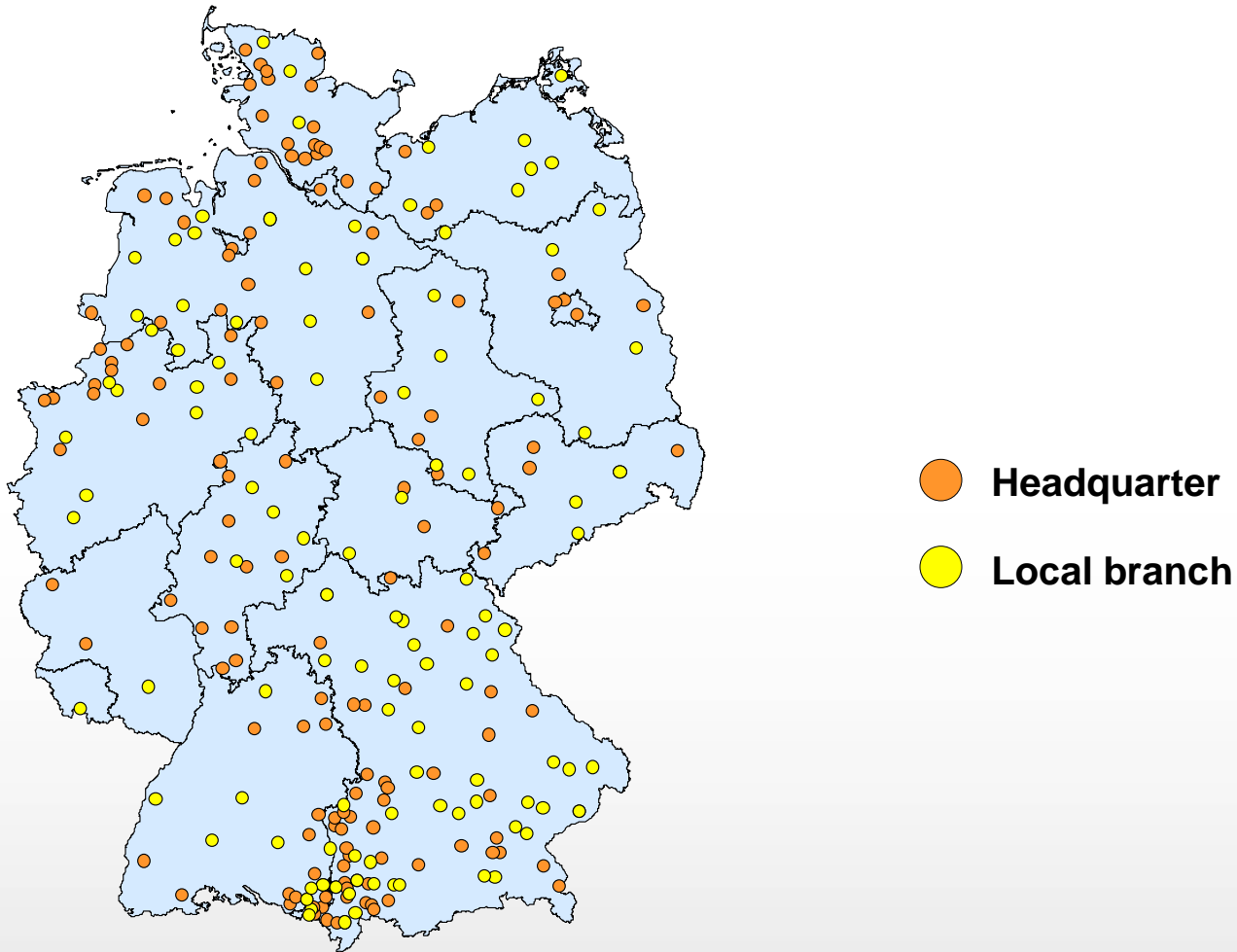
Source: AMI (2016); FAO Stat. ZMB (2014); ADR (2013)

Differences in dairy breeds in Germany (2015)



Source: Statistisches Bundesamt, Fachserie 3, Reihe 4.1, Viehbestand (2015); own calculations..

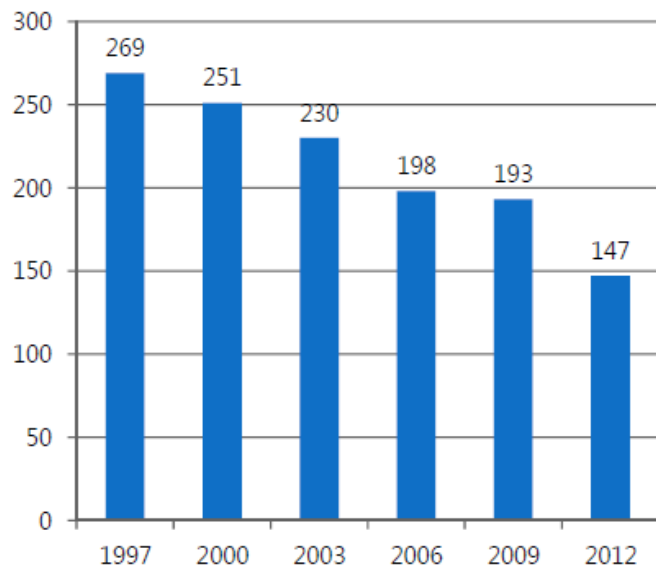
Milk processing in Germany: regional overview (2006)



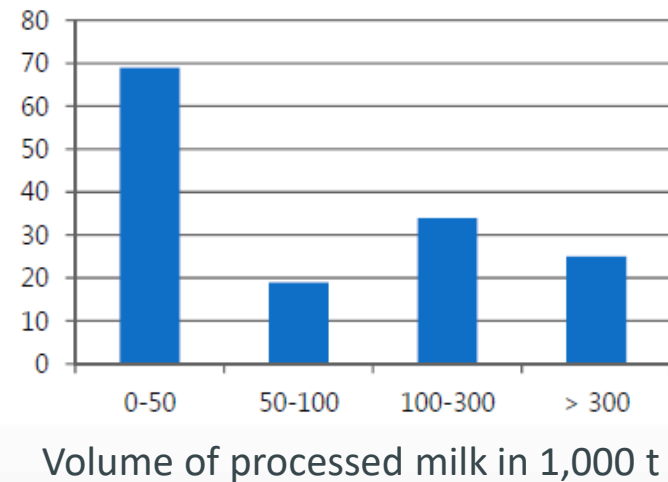
Source: Friedrich et al.(2008)

Milk processing: concentration in progress

Total No. of Dairy Processors



No. of Dairy Processors per size



German Processors among Top 20 world wide



Source: own graphs based on ZMB 2015

Main challenges for the German dairy processors

- International markets play an important role for dairy processors → Half of the processed milk goes into export
- Exploit added-value potential (product innovation and brands)
- Discussion about instruments for risk management, e.g. Commodity futures exchange
- Further development of the relationship between dairy processors and farmers

Main challenges for German dairy farmers

- Increasing milk price fluctuations → risk management
- Increasing land prices
- Availability of (qualified) labour
- Consumer Demands/NGOs/Politics
 - Politics: e.g.: fertilizer ordinance, dehorning, tethering in discussion
 - Retailer set up a list of requirements for the milk production
 - In discussion: e.g.: Grazing, tethering of cattle, use of antibiotics, dehorning
 - Sustainability campaigns of Dairy Processors/Research
 - E.g. milkmaster (DMK), Thünen-project

Demonstration in Berlin 2016



Social issues


- „The image of dairy production is positive, but the society becomes more and more critical.“
(Spiller, 2014)
- Almost every second German citizen believes that cows aren't happy and don't feel comfortable in modern stables.
(Result of a representative survey in Germany, Spiegel 4/9/2015)

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Example: milkmaster concept DMK (Germany)

- DMK 2020 Sustainability Program: Our Milk. Our World.
- On farm level: System of confirmation, consultation and bonus payment since 2016

 **AGRICULTURE**

Our aspiration
We will improve the conditions in which our cattle are kept and reduce their environmental impact.

Fields of action

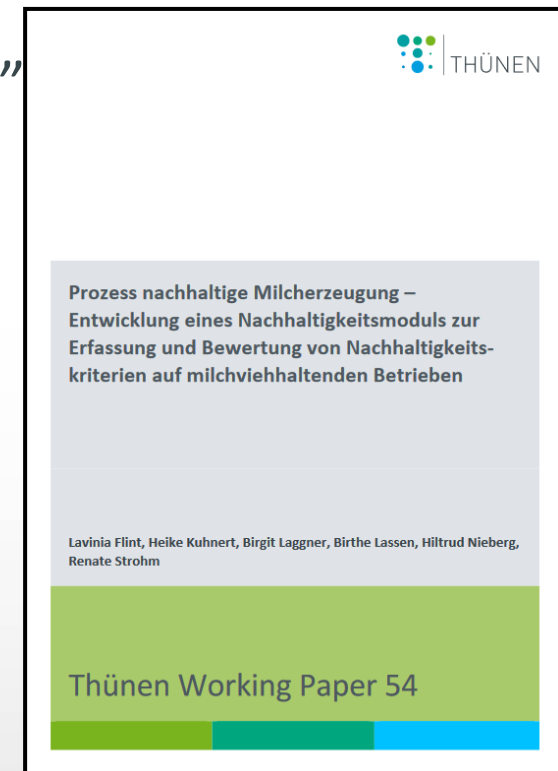
- Cow comfort
- Animal health
- Feed cultivation
- Feeding



Source: <http://www.dmk.de/en/sustainability/sustainability/agriculture/>

Thünen-Institute: Sustainable Dairy Farming

- “Status-quo” case studies in Lower Saxony and Schleswig-Holstein
- Development of QM- “Sustainability Module”



Take Home

- Germany is the biggest milk producer in the EU
- Continuous structural change
- Dairy production increase mainly in grassland areas
- Large differences within the country (herd size, breeds, milk price)
- High importance of export for the German dairy sector
- Increasing requirements for dairy companies and farms (sustainability, animal welfare,...)
- Implementation of first sustainability concepts

Thank you for your attention

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